

**New Jersey Turnpike Authority
Financial Summary
For the Four Months Ended April 30, 2022**

	Actual YTD January - April	YTD Budget January - April	2022 Annual Budget
Total Revenue	\$ 730,743,000	\$ 694,127,000	\$ 2,298,400,000
Operating Expenses	<u>198,900,000</u>	<u>219,052,000</u>	<u>676,600,000</u>
Net Revenue	\$ 531,843,000	\$ 475,075,000	\$ 1,621,800,000
Debt Service Requirements	286,086,000	294,700,000	902,853,000
Maintenance Reserve Fund	66,667,000	66,667,000	200,000,000
Special Reserve Fund	16,667,000	16,667,000	50,000,000
Debt Service Coverage	1.86	1.61	1.80
Total Requirements Coverage	1.44	1.26	1.41

The following un-audited results are for the four months ended April 30, 2022.¹ Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2022, the Authority is projected to have a debt service coverage ratio of 1.80 and a total requirements coverage ratio of 1.41.

The Authority's total revenue for the four months ended April 30, 2022 was \$730,743,000, which is \$36,616,000, or 5.3%, above the 2022 year-to-date budget. Toll revenue was \$643,778,000, which is \$27,078,000, or 4.4%, more than the 2022 year-to-date budget. Toll revenue is greater than budget primarily due to stronger than projected commercial traffic growth on the New Jersey Turnpike. However, the impacts of severe winter weather in the month of January 2022 accounted for an approximate \$8 million revenue loss and the winter weather at the end of March 2022 which accounted for an approximate \$2 million in additional revenue loss, for a total of a \$10 million loss. January 2022 was the 9th snowiest January since 1895, with an average snowfall of 18.1" across the entire State. E-ZPass fees were \$8,858,000, or 26.6%, above the budget due to conservative budgeting in 2022.

For the four months ended April 30, 2022, traffic on the New Jersey Turnpike increased 12.9% and toll revenue increased 16.1% compared to the same period in 2021. The increase in traffic is primarily due to the continued return to office, increased travel, and resumption of large-scale public events after the lifting of COVID-related restrictions in 2021. Toll revenue also increased due to the 3% annual toll rate indexing which went into effect on January 1, 2022. In addition, traffic and revenue also increased due to more travel during the February 2022 Presidents' Day and Easter holiday weekends compared to the same periods as last year. The 2022 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) updated toll revenue forecast dated September 10, 2021. The updated forecast includes both the assumed improved impact of COVID-19 on travel and the 3% annual toll rate indexing. Considering these two factors, CDM Smith projected an 8.3% increase in traffic and a 9.3% increase in revenue as compared to prior year. The actual results for the four months ended April 30, 2022 were above CDM's projections, despite the severe winter weather in January and March which were not projected and accounted for an approximate \$7 million revenue loss. When compared to the same period in 2019, pre-pandemic, traffic is down 7.7% but revenue is up 33.3% for the same period. However, when comparing the month of April 2022 to April 2019, traffic has recovered to about 95% of pre-pandemic levels. Through April 2022, the E-ZPass usage rate on the New Jersey Turnpike was 91.4%, an increase from 89.2% for the same period in 2021.

For the four months ended April 30, 2022, toll transactions on the Garden State Parkway increased 7.8% and revenue increased 10.9% when compared to the same period in 2021. The increase in traffic is primarily due to the increase in travel as COVID-related restrictions continue to be lifted, while toll revenue increased mainly due to the 3% annual toll rate indexing. Increased travel during the Presidents' Day and Easter holiday weekends as compared to last year also positively impacted results. The actual results for the four months ended April 30, 2022 were below the budget which was based on CDM's projection of an 8.4% increase in toll transactions and an 11.9% increase in toll revenue, due to the severe winter weather in January and March which were not projected and accounted for an approximate \$3 million revenue loss. Also, the month of April 2022 had one more weekend day compared to April 2021 resulting in lower transactions and revenue, as weekend days tend to have less overall traffic than weekdays. The projections include both the assumed impacts of COVID-19 and the 3% annual toll rate indexing. When compared to the same period in 2019, pre-pandemic, traffic is down 9.2% and revenue is up 18.5%. However, when comparing the month of April 2022 to 2019, traffic has recovered to about 93% of pre-pandemic levels. Through April 2022, the E-ZPass usage rate on the Garden State Parkway was 89.5%, an increase from 87.4% for the same period in 2021.

Operating expenses for the four months ended April 30, 2022 were approximately \$198,900,000, which is \$20,152,000, or 9.2%, below the year-to-date budget. The Authority's operating expenses through April were below budget primarily due to lower than budgeted snow/severe weather costs, lower salaries because of existing vacancies, and lower than budgeted health benefit costs, which were partially offset by higher than budgeted transponder costs. The Authority spent a total of \$29,770,000 for snow and severe weather costs in 2022, with \$15,346,000 spent from the operating expense budget and an additional \$14,424,000 spent from the General Reserve Fund. All snow and severe weather costs are considered operating expenses and paid from the Revenue Fund, except for declared state of emergency events, which are charged to the General Reserve Fund. The Authority still has about \$33,673,000 in total available in its 2022 operating expense and general reserve budgets for snow and severe weather costs.

¹ These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

**Financial Summary
For the Four Months Ended April 30, 2022**

Debt Service includes interest and principal payments on the Authority's outstanding bonds. For the four months ended April 30, 2022, Debt Service totaled \$286,086,000, which was \$8,614,000 or 2.9% below budget and included \$189,069,000 in interest payments and \$97,017,000 in principal payments. Debt Service is below budget partly because the budget assumed a \$500,000,000 new money bond issuance in the beginning of 2022 but has not been issued as of April 2022.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$160,045,000 for the four months ended April 30, 2022. Spending consisted primarily of \$116,650,000 for the new State Transportation Agreement, \$14,424,000 for Extraordinary Events (state of emergency weather events), and \$7,333,000 for the Transportation Trust Fund. Also included are \$12,500,000 in transfers to the Supplemental Capital program in the Construction Fund.

The Capital Budget, which is funded by revenue, consists of the Maintenance Reserve Fund, Special Project Reserve Fund, and the Supplemental Capital Program. For the four months ended April 30, 2022, total expenditures were approximately \$36,607,000, which was 27.5% of the year-to-date spending budget. Expenditures included \$6,752,000 for GSP Milepost 0-7 N&S Resurfacing, \$1,910,000 for Network Refresh, and \$1,634,000 for TPK Milepost 3-12.1 NB Resurfacing. In addition to these expenditures, there are open contracts and commitments totaling approximately \$243,980,000.

The Construction Fund, which is funded from bond proceeds, consists of the 2022-2026 Capital Improvement Program, 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the four months ended April 30, 2022, total expenditures were approximately \$121,811,000, which was 62.7% of the year-to-date spending budget. Total expenditures included \$10,464,000 for TPK Install New Hybrid CMS, \$8,571,000 for GSP Shoulder Widening from MP 30 to 35, \$6,958,000 for Passaic River Bridge Rehabilitation, and \$6,520,000 for NBHCE Bridge Re-decking. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,046,663,000.